

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on April 1, 2003 at 10:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Jim Keane, Vice Chairman (D)  
Rep. Donald Steinbeisser, Vice Chairman (R)  
Rep. Bob Bergren (D)  
Rep. Rod Bitney (R)  
Rep. Sylvia Bookout-Reinicke (R)  
Rep. Nancy Fritz (D)  
Rep. Dave Gallik (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Ray Hawk (R)  
Rep. Bob Lawson (R)  
Rep. Rick Maedje (R)  
Rep. Gary Matthews (D)  
Rep. Scott Mendenhall (R)  
Rep. Penny Morgan (R)  
Rep. Allen Rome (R)  
Rep. Sandy Weiss (D)  
Rep. Bill Wilson (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Bart Campbell, Legislative Branch  
Alberta Strachan, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: SB 402 (3/27/03); SB 389 (3/27/03);  
SB 432 (3/27/03)

Executive Action: SB 349 Be Concurred In As Amended;  
SB 450 Be Concurred In; SB 415  
Table; SB 432 Be Concurred In but  
withdrawn

**HEARING ON SB 402**

**Sponsor:** SEN. VICKI COCCHIARELLA, SD 32, Missoula

**Opening Statement by Sponsor:**

**SEN. COCCHIARELLA** said this bill is an act creating the Montana Mortgage Broker and Loan Originator Licensing Act. It provides definitions, establishes licensing requirements, requires record retention, surety bonds and the maintenance of trust accounts. This bill also prohibits certain activities and provides penalties. It authorizes rule-making by the Department of Administration and provides for suspension, revocation, and reinstatement of licenses, and provides an immediate effective date. **SEN. COCCHIARELLA** also supplied a copy of a newspaper article.

**EXHIBIT** (buh69a01)

*{Tape: 1; Side: A; Approx. Time Counter: 28 - 65}*

**Proponents' Testimony:**

**Christie Blazer, Montana Association of Mortgage Brokers,** supplied written testimony on the Montana Mortgage Broker Licensing Act.

**EXHIBIT** (buh69a02)

*{Tape: 1; Side: A; Approx. Time Counter: 65 - 146}*

**Cindy Rigler, President, Montana Association of Mortgage Brokers, Livingston,** provided testimony regarding the Montana Association of Mortgage Brokers.

**EXHIBIT** (buh69a03)

*{Tape: 1; Side: A; Approx. Time Counter: 146 - 202}*

**Pam Adams, Guardian Mortgage, Billings,** provided testimony on the Good Faith Estimate.

**EXHIBIT** (buh69a04)

*{Tape: 1; Side: A; Approx. Time Counter: 202 - 284}*

**Kathy Meyer, Premier Mortgage, Billings,** said she was responsible for the education of members of the Montana Association of

Mortgage Brokers. Realtors need education and they need to be informed about how to help consumers make the right decision.

*{Tape: 1; Side: A; Approx. Time Counter: 284 - 326}*

Jim Hanson, Fidelity Mortgage, Kalispell, provided written testimony.

**EXHIBIT** (buh69a05)

*{Tape: 1; Side: A; Approx. Time Counter: 326 - 358}*

Julie Dolan, President, Montana Association of Realtors, provided written testimony.

**EXHIBIT** (buh69a06)

*{Tape: 1; Side: A; Approx. Time Counter: 358 - 382}*

Stuart Doggett, Montana Land Title Association, said they support this bill.

*{Tape: 1; Side: A; Approx. Time Counter: 382 - 390}*

Brian Gorman, Alpha Mortgage Investments, Inc., supplied written testimony.

**EXHIBIT** (buh69a07)

*{Tape: 1; Side: A; Approx. Time Counter: 390 - 455}*

Marilyn Lemm, AARP Montana, provided testimony from Pat Harper, AARP, Helena.

**EXHIBIT** (buh69a08)

*{Tape: 1; Side: A; Approx. Time Counter: 455 - 500}*

Opponents' Testimony: None

Informational Testimony:

Chris Olson, Division of Banking & Financial Institutions, Department of Administration, said he was available for questions.

Questions from Committee Members and Responses:

REP. MORGAN asked Ms. Blazer about the commercials regarding home loans and how this bill will affect the loans. Ms. Blazer said the brick and mortar requirement should go some distance towards accomplishing the removal of the commercials.

*{Tape: 1; Side: B; Approx. Time Counter: 18 - 83}*

REP. BITNEY asked Ms. Blazer if an out-of-state realtor bought a Montana license to sell real estate could he advertise in Montana. Ms. Blazer said, "Yes."

*{Tape: 1; Side: B; Approx. Time Counter: 83 - 133}*

**REP. MORGAN** asked Mr. Olson about the fiscal note. She said there was no offset for income tax or penalties. **Mr. Olson** said anything regarding taxes would be determined by the Department of Revenue.

**{Tape: 1; Side: B; Approx. Time Counter: 133 - 169}**

**REP. GALLIK** asked Ms. Blazer questions regarding mortgage bankers and their exemption from this legislation. **Ms. Blazer** said the bill could be amended to contain this information.

**{Tape: 1; Side: B; Approx. Time Counter: 169 - 254}**

**REP. KEANE** asked Ms. Blazer if an out-of-state mortgage broker or banker could work through a Montana firm and therefore transact business in Montana. **Ms. Blazer** said they could if the physical location truly was in Montana.

**{Tape: 1; Side: B; Approx. Time Counter: 254 - 414}**

**Closing by Sponsor:**

The Sponsor closed.

**{Tape: 1; Side: B; Approx. Time Counter: 414 - 495}**

**HEARING ON SB 389**

**Sponsor:** SEN. DAN MCGEE, SD 11, Laurel

**Opening Statement by Sponsor:**

**SEN. MCGEE** said this bill provides an alternative dispute resolution procedure for residential construction disputes. It requires a claimant with an alleged construction defect to file a Notice of Claim with the construction professional that the claimant asserts is responsible for the defect and provide the construction professional with the opportunity to resolve the claim without litigation. It limits damages that can be recovered in residential construction disputes.

**{Tape: ; Side: A; Approx. Time Counter: 1 - 38}**

**Proponents' Testimony:**

**Byron Roberts, Montana Building Industry Association**, said this legislation was developed in response to the recent and ongoing events in the insurance industry. This bill is one solution in a number of solutions to try to bring this insurance back around to Montana builders. This legislation is an important step in the process.

**{Tape: 2; Side: A; Approx. Time Counter: 35 - 90}**

**Curt Chisholm, Montana Building Industry Association**, presented a copy of the Notification Process for Senate Bill 389 which explains this bill.

**EXHIBIT (buh69a09)**

***{Tape: 2; Side: A; Approx. Time Counter: 90 - 135}***

**Bill Pierce, Helena building contractor**, said he was a builder of custom residential homes. The building industry in Montana is facing an insurance availability crisis which is one of the primary reasons for this legislation. Steps need to be taken to create an environment in Montana that is more predictable for these insurance carriers so the construction people can gradually reduce the premiums for insurance.

***{Tape: 2; Side: A; Approx. Time Counter: 135 - 190}***

**Mark Biegler, Western States Insurance**, said they strongly support this bill. He said the insurance companies were in a hard insurance market now. A hard insurance market is a time when insurance carriers increase their prices significantly as well as decrease their appetite for different classes of business.

***{Tape: 2; Side: A; Approx. Time Counter: 190 - 278}***

**Roger McGlenn, Executive Director, Independent Insurance Agents Association of Montana**, said he supports this bill. He also stated that he wants the record to show that Jacqueline Lenmark and Greg Van Horssen wished to have their names on record as supporting this bill.

***{Tape: 1; Side: B; Approx. Time Counter: 278 - 298}***

**Roger Halver, American Association of Realtors**, said he supports this bill.

***{Tape: 2; Side: A; Approx. Time Counter: 298 - 344}***

**Al Smith, Montana Trial Lawyers Association**, said they support this bill.

***{Tape: 2; Side: A; Approx. Time Counter: 344 - 420}***

**Opponents' Testimony:** None

**Informational Testimony:** None

**Questions from Committee Members and Responses:** None

**Closing by Sponsor:**

The Sponsor closed and indicated REP. BRUEGGEMAN will be carrying this bill on the House Floor.

***{Tape: 2; Side: B; Approx. Time Counter: 83 - 111}***

**HEARING ON SB 432**

**Sponsor:** SEN. DUANE GRIMES, SD 20, Clancy

**Opening Statement by Sponsor:**

**SEN. GRIMES** said this bill provides licensure of real estate appraisal trainees who are authorized only to assist a certified real estate appraiser in the performance of an appraisal assignment.

***{Tape: 2; Side: B Approx. Time Counter: 111 - 123}***

**Proponents' Testimony:**

**Jim Brown, Business Services Division, Department of Labor & Industry,** provided written testimony.

**EXHIBIT** (buh69a10)

***{Tape: 2; Side: B; Approx. Time Counter: 123 - 157}***

**Tim Moore, Chairman, State Board of Appraisers,** said there are no guidelines under which apprentice appraisers are trained. There is a wide variation throughout the State regarding how trainees are getting their experience requirements. This bill will go a long way toward evening the playing field to make certain everyone is being trained in the same standard.

***{Tape: 2; Side: B; Approx. Time Counter: 157 - 171}***

**Jan Martin, State Board of Appraisers,** said she supports this bill.

***{Tape: 2; Side: B; Approx. Time Counter: 171 - 175}***

**Billie Bearcamp, Investigator, State Board of Appraisers,** said she supports this bill.

***{Tape: 2; Side: B; Approx. Time Counter: 175 - 187}***

**Opponents' Testimony:** None

**Informational Testimony:** None

Questions from Committee Members and Responses:

REP. BOOKOUT-REINICKE asked Mr. Brown what the cost of an appraisers license is for two years. Mr. Brown said it is \$200. {Tape: 2; Side: B; Approx. Time Counter: 187 - 215}

Closing by Sponsor:

The Sponsor closed.

{Tape: 2; Side: B; Approx. Time Counter: 250 - 254}

EXECUTIVE ACTION ON SB 349

{Tape: 2; Side: B; Approx. Time Counter: 254 - 500}

Motion: REP. MENDENHALL moved that SB 349 BE CONCURRED IN.

Discussion:

REP. KEANE indicated he wants this bill tabled.

REPS. ROME, STEINBEISSER and McKENNEY support this bill.

REP. WILSON opposes this bill.

Motion/Vote: REP. MAEDJE moved that SB 349 BE AMENDED. A roll call vote was taken. Motion carried 13-5 with REPS. McKENNEY, STEINBEISSER, BITNEY, HAWK, ROME voting no.

Motion/Vote: REP. MAEDJE moved that SB 349 BE CONCURRED IN AS AMENDED. A roll call vote was taken. Motion carried 13-5 with REPS. BERGREN, BOOKOUT-REINICKE, GALLIK, LAWSON, WILSON voting no.

REP. ROME will carry this bill on the House Floor.

EXECUTIVE ACTION ON SB 450

Motion: REP. KEANE moved that SB 450 BE CONCURRED IN.

Discussion:

REP. GALLIK opposes the bill.

REP. KEANE supports the bill.

Vote: A roll call vote was taken. Motion carried 12-6 with REPS. BOOKOUT-REINICKE, FRITZ, GALLIK, GALVIN-HALCRO, WEISS, WILSON voting no.

CHAIRMAN MCKENNEY will carry this bill on the House Floor.

EXECUTIVE ACTION ON SB 415

Motion: REP. MORGAN moved that SB 415 BE CONCURRED IN.

Discussion:

CHAIRMAN MCKENNEY said he opposes this bill.

Motion: REP. LAWSON moved that SB 415 BE AMENDED.  
**EXHIBIT** (buh69a11)

Discussion:

REP. MORGAN asked REP. LAWSON if his amendment will benefit more than one or two golf courses. REP. LAWSON indicated it would.

REPS. BOOKOUT-REINICKE and GALLIK oppose this amendment. (Exhibit 11)

Motion/Vote: REP. BOOKOUT-REINICKE moved that A CONCEPTUAL AMENDMENT TO CHANGE FEE OF \$20,000 TO \$5,000 BE ADOPTED FOR SB 415. A roll call vote was taken. Motion failed 4-14 with REPS. BOOKOUT-REINICKE, GALLIK, HAWK and MORGAN voting aye.

Motion/Vote: REP. BOOKOUT-REINICKE moved amendments, #1, #2, #3, #5 to SB 415. A roll call vote was taken. Motion failed 9-9 with REPS. MCKENNEY, STEINBEISSER, BERGREN, BITNEY, MAEDJE, ROME WILSON, LAWSON and MORGAN voting aye.  
**EXHIBIT** (buh69a12)

Motion/Vote: REP. BOOKOUT-REINICKE moved that SB 415, #4 BE AMENDED. A roll call vote was taken. Motion failed 5-13 with REPS. MCKENNEY, BOOKOUT-REINICKE, GALLIK, LAWSON and MORGAN voting aye. (Exhibit 12)

Motion/Vote: REP. ROME moved that SB 415 BE AMENDED. A roll call vote was taken. Motion carried 9-9 with REPS. MCKENNEY, BERGREN, BOOKOUT-REINICKE, FRITZ, GALLIK, GALVIN-HALCRO, LAWSON, WEISS and WILSON voting aye.  
**EXHIBIT** (buh69a13)



Motion/Vote: REP. BOOKOUT-REINICKE moved that SB 415 BE CONCURRED IN. A roll call vote was taken. Motion failed 3-15 with REPS. KEANE, GALVIN-HALCRO, LAWSON voting aye.

Vote: Motion that SB 415 BE TABLED AND THE VOTE REVERSED carried 15-3 with REPS. KEANE, GALVIN-HALCRO, LAWSON voting no.

**ADJOURNMENT**

Adjournment: 11:10 A.M.

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REP. JOE MCKENNEY, Chairman

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ALBERTA STRACHAN, Secretary

JM/AS

**EXHIBIT** (buh69aad)